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THE MYTH OF INCOME CUSHIONS FOR BLACKS

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SUMMARY OF MAJOR FINDINGS

1. Unemployment compensation does not provide support for the overwhelming majority of unemployed blacks. Seventy percent (70%) of all unemployed blacks never receive any jobless benefits.

2. Over half of all poor black households receive no welfare assistance. Fifty-six percent (56%) of all black households with incomes under $6,000 are not on AFDC or General Assistance (GA).

3. Contrary to the popular belief that all welfare recipients are automatically eligible for Medicaid, only half (51%) of all black household heads on welfare indicate that they have Medicaid coverage.

4. Two-thirds (65%) of all black households receive benefits from only one or none of the seven most popular income support programs for the poor -- welfare, SSI, food stamps, Medicaid, public housing, rent subsidy and free school lunches.

5. The overwhelming majority of poor black households do not receive benefits from most of the major income support programs for the poor. Three-fifths (58%) of all black households with income under $6,000 receive benefits from only two or less of the major seven income programs for the poor.

6. Fifty-eight percent (58%) of all black welfare households receive benefits from two or less of the other six public assistance programs for the poor.

SUMMARY OF KEY RECOMMENDATIONS

1. Full employment for all groups in this nation should be made a number one governmental priority.

2. Since the majority of low-income blacks are not being reached by most governmental programs for the poor, there should be more effective targeting of economic support programs to the black community.

3. During this period of deepening recession and record-level inflation, concerted efforts must be made to maintain adequate standards of living for the poor and jobless.

4. Intensive efforts should be made to eliminate or reduce racially discriminatory practices in the administration of economic support programs at the federal, state, county and city levels.

5. Surveys of the needs of majority and low-income groups should be conducted periodically in order to systematically determine the extent to which government programs are in fact reaching those most in need of them.

6. Insensitive and punitive eligibility criteria for economic support employment and income programs should be removed.

CHAPTER ONE

Overview

Millions of Americans experienced extreme social and economic hardships during the Great Depression of the 1930's because of the lack of adequate economic supports to "cushion" its impact. In order to prevent such widespread suffering in the future, a broad range of programs were instituted to provide individuals with some social and economic security against unemployment, poverty, old age or physical disability. Thus, the Social Security Act of 1935 was passed and has continued to serve as the cornerstone of social welfare policies and programs in this nation for almost half a century.

Two kinds of income support programs were established by this legislation--public assistance and social insurance. Public assistance (or "welfare") programs were designed to aid the poor and needy, while social insurance programs were designed to provide benefits to individuals, regardless of economic need, based partly on their own financial contributions to the system. Thus, programs for the poor, such as Aid to Families with Dependent Children (AFDC) and Old Age Assistance (OAA) were insituted at the same time as key social insurance programs, such as Social Security and Unemployment Compensation. The public assistance programs expanded sharply during the "War on Poverty" era of the 1960's, resulting in a greater mix of <u>in-kind</u> (i.e, Medicaid, food stamps, day care, etc.) and <u>direct cash</u> benefits. At the same time, with Americans living longer and longer, social insurance income transfer programs also expanded.

Between 1960 and 1977, social welfare expenditures went from $53 to $362 billion. Payments for public assistance programs for the poor rose from $8 to $74 billion, while payments for social insurance programs spiraled from $44 to $239 billion from 1960 to 1977. Thus, by 1977, total expenditures for all types of income transfer programs comprised about one-fifth of the nation's Gross National Product (GNP). 1/

Because of the wide range of economic support programs, many observers began to claim that poverty had been virtually "abolished" in the U.S., since anyone who was hungry, sick or jobless could "easily" avail themselves of the benefits of some program to reduce their hardship. However, while they "felt" that poverty had been abolished, the official government figures on poverty continued to reveal that the poor were still very much with us. According to the Census Bureau's figures, the proportion of all persons who were poor in the U.S. remained virtually unchanged (at about 12 percent) between 1968 and 1975. Moreover, these figures also revealed that there were 500,000 more poor people in 1975 than there were in 1968. 2/

Such official poverty figures were especially distressing to proponents of "balanced budgets" and "fiscal austerity," who could not understand how the number of poor people could be increasing at the same time that expenditures for the poor were at record levels. It never occurred to many of them that one reason why there were more poor people in 1975 than in 1968 was because this nation was in the depths of the most devastating recession since the Great Depression of the '30's. And this recession occurred only about five years later than another serious economic downturn (during 1969-71). Consequently, two recessions took place during

that interval and resulted in a doubling of the number of unemployed persons between 1968 and 1975. Many of the "poverty has been abolished" proponents find it hard to believe that poverty actually increases when unemployment soars! Furthermore, they fail to take account of the fact that, concurrently, double-digit inflation is vastly outstripping the rate of increase in governmental expenditures for the poor. Many recent analyses have revealed that the "real" benefits to the poor (in constant dollars) are in fact less today than they were five years ago.

But to such proponents, the real villain is not recession or inflation, but the inaccurate statistics of the U.S. Census Bureau. They argue, correctly, that the official poverty statistics are based primarily on cash income (i.e, from earnings, social security, welfare, interest, dividents, pensions, rents, etc.) and do not take account of in-kind benefits to the poor (such as Medicaid, food stamps, free school lunches, day care, public housing, etc.). But they argue,incorrectly, that since these in-kind benefits are "universally" available to the poor, when they are "cashed out" in dollar value, the "real" incomes of the poor take most of them far above the official poverty level.

One research arm of Congress, the Congressional Budget Office (CBO) undertook an analysis of the impact of in-kind benefits to the poor in 1977. Consequently, using various assumptions and techniques, it "cashed out" the in-kind benefits to the poor and succeeded in reducing the official poverty figures in half--from 12 to 6 percent. Other economists were able to reduce the proportion even further to 3.6 percent. None of these analyses, however, attempted to "cash out" the wide range of in-kind benefits available to the non-poor--such as employer-paid health insurance, sick leave, paid vacations, maternity leave, free college tuition for children of alumni,

free or sharply reduced air or rail travel, perquisites as a result of private club memberships, fraternal associations, etc--as well as non-cash assets and liberal tax loopholes and benefits. It is invalid to "cash out" only the in-kind benefits of the poor and attempt to depict the poor relative to the non-poor in this nation. An accurate description of the economic well-being of the poor relative to the non-poor requires the "cashing out" of in-kind benefits, non-cash assets and tax payments as well as tax benefits among both groups.[3/]

Furthermore, such across-the board "cashing out" of in-kind benefits for the poor are based on the unproven assumption that most of the poor actually receive most of these benefits. In fact, studies that were based on the "actual" benefits received by the poor, rather than on simulations of "potential" benefits, have found that most of the poor do not in fact receive most of these in-kind benefits. In addition, certain in-kind benefits (such as Medicaid, which is paid to the vendor and not to the poor recipient) are much more difficult to "cash out" than other kinds of in-kind benefits (such as food stamps). Based on the "cashing out" mentality,the sicker the poor get, the richer they become. And, as Mollie Orshansky has often chided, the poor who die in the hospital after an extended period of hospitalization are the "wealthiest" of all! For they have,clearly, benefitted the most from their Medicaid entitlements.[4/]

Yet the issue of the actual extent of poverty in this nation is not merely a debate among statisticians and economists. Major cutbacks in expenditures to the poor are occurring daily throughout this nation because

of the widespread belief that severe economic hardships are not extensive in the United States today because:

(a) Existing economic support programs, such as unemployment insurance, welfare, and food stamps, provide adequate levels of benefits to the poor, jobless, helpless and infirm; and

(b) These income cushions are easily available to virtually all who are in acute economic distress.

Consequently, many policymakers sincerely believe that: (1) most unemployed persons are receiving unemployment compensation; (2) almost all poor families are receiving either AFDC, SSI or General Assistance (GA); and (3) all AFDC recipients are benefitting from Medicaid and food stamps. They find it difficult to concede the possibility that most of these programs and benefits may not in fact be reaching most of those who need them, especially among blacks and other minorities.

Unfortunately, no studies have been conducted to determine the actual extent to which the minority poor have in fact benefitted from the broad range of governmental economic support programs. Most studies have usually focussed on the participation of minorities in only one income transfer program at a time; they have not systematically assessed the extent to which multiple benefit participation actually occurs among the minority poor and jobless. The primary purpose of this report will be to make such an assessment. It is vital that policymakers and social action groups be provided with empirical data in place of speculations concerning the "universality" of income cushions for the poor, especially among minorities. The NUL Black Pulse Survey will provide the primary data base for this report.

The Black Pulse is a nationwide survey of 3,000 black houeholds that was conducted by the National Urban League and its affiliates in the fall and winter of 1979. It was designed to: (a) assess the needs and status of blacks in such areas as employment, housing, child care, education, health, crime, political participation, family patterns and discrimination, and (b) attempt to determine the extent to which major governmental policies, programs and services were in fact reaching blacks and meeting their needs. Thus, it provides a unique opportunity to systematically determine the extent to which major government economic support programs are indeed "cushions" for blacks who are poor and jobless.[5/]

The second chapter of this report will provide an indepth description of some of the major governmental economic support programs for the poor and jobless. Special attention will be directed to insensitive, anachronistic, punitive and discriminatory eligibility criteria that exclude large segments of the poor and needy. And, the third and final chapter will attempt to assess the extent to which the poor and jobless among blacks actually receive these "universal" benefits.

CHAPTER TWO

Economic Supports for the Poor and Jobless

Because of the devastating impact of the Great Depression of the 1930's on the lives of millions of Americans, the federal government developed legislation to minimize the extent of economic hardships due to recession, unemployment, retirement, death and disability. As a result, the Social Security Act was signed into law on August 14, 1935. This broad-ranging act established two types of income maintenance (or "income transfer") programs: public assistance and social insurance.

Public assistance (or "welfare") programs were designed to provide benefits to individuals based on some demonstration of need, especially inadequate income. Such "means-tested" or "income-tested" programs for the poor and needy included: Aid to Families with Dependent Children (AFDC), Old Age Assistance (OAA), Aid to the Blind (AB), Aid to the Permanently and Totally Disabled (APTD) and General Assistance (GA). Social insurance programs, however, were not based primarily on economic need, but were intended to provide benefits to individuals at risk due to unemployment, old age and disability based partly on their own financial contributions to these insurance systems. Such governmental social insurance programs included: Old Age and Survivors Insurance (OASI), Disability Insurance (DI), Workmen's Compensation and Unemployment Insurance (UI).

Since 1935, both types of economic support programs have sharply expanded both in coverage and type. Some of the newer programs for the poor include: AFDC - Unemployed Father Program, food stamps, food commodity

distribution, free school breakfasts, school lunches, public housing, Supplemental Security Income (SSI) and Medicaid. Likewise, some of the more recent social insurance programs include: Medicare (for the elderly), Child Health Assurance (for all children, regardless of economic status), and Trade Adjustment Assistance (to workers who become unemployed because of foreign imports).

As a result of the expansion of these income transfer programs, public expenditures have also sharply increased. Thus, by fiscal year 1977, over $360 billion were spent in federal, state and local government funds for income maintenance programs. It is widely believed that the bulk of such expenditures are for the poor and needy. In fact, only about one-fourth of these outlays go to programs for the poor (such as AFDC, food stamps, public housing, medicaid, etc.). And disproportionate amounts of those funds are not received by the poor, themselves, but by service-providers or vendors, such as doctors, hospitals, landlords and social welfare agencies and institutions. About three-fourths of government income transfer outlays are for social insurance benefits, such as social security, medicare, federal retirement and veterans benefits.[6/]

Nevertheless, billions of dollars are being spent to assist the poor and jobless. But to what extent are these programs reaching most of those who are poor and in need -- especially among racial minorities? And how adequate are the levels of support provided by these income transfer programs to the poor and unemployed?

Most Americans believe that these income supports are readily available to virtually all who are in acute economic distress. Moreover, they erroneously assume that all or most individuals who are "covered" by a program for the needy, in fact, participate in and receive benefits from

that program. They do not realize that thousands of needy Americans do not receive many of these benefits at all or are being provided them at wholly inadequate levels because of insensitive, punitive, conflicting, anachronistic and discriminatory eligibility criteria, standards of need and other administrative regulations and practices.

Interestingly, there have been few systematic studies primarily designed to determine the extent to which large segments of the poor, especially among minorities, are excluded from or otherwise denied benefits from programs for the needy. In order to provide a proper framework for assessing the degree to which the poor and jobless do not benefit from income transfer programs, we will briefly describe conditions related to some of the major support programs that tend to exclude rather than include those in economic distress.

Assistance to The Unemployed

The government has established a number of programs designed to assist unemployed individuals. The oldest and largest support program for the jobless is unemployment insurance (UI) or compensation which is intended to provide benefits primarily to workers who have lost their jobs. A more recent program is the Trade Adjustment Assistance Act which provides additional benefits to workers who lost their jobs due to foreign imports competition. During the 1974-75 recession, the federal government established the Federal Supplemental Benefit (FSB) program to assist long-term unemployed workers who had exhausted their regular UI benefits. And there are a wide array of employment and training programs designed to provide some economic support and skill development to unemployed adults and youth (such as Job Corps, Work Incentive (WIN) program for welfare parents, Public Service Employment, Summer Youth Program and other CETA-funded youth

initiatives). In addition, there are programs to aid localities experiencing "substantial" unemployment or economic distress due to hurricanes, tornadoes, floods, fires, rioting, the influx of refugees, etc.

Unemployment Insurance (UI)

Unemployment Insurance (or compensation) was established by Congress in the Social Security Act of 1935 as the primary income support program for unemployed workers. It is a joint federal - state undertaking with the federal government setting certain broad minimum standards for financing and administration and each state government drawing up its own UI laws under these standards. These state laws determine which employers must contribute to the UI system and which employees are covered. In most states, employers must contribute about 3 percent of their employees' earnings into the unemployment system. About 97 percent of all workers today are in industries or companies that are covered by the regular UI program. 7/

Unemployment insurance coverage is not mandated by federal law. States have the option to be in or out of the program. But probably in part because of favorable federal tax incentives and other aid to states that provided UI benefits, all of the states have chosen to participate in this program. All contributions collected under the state laws must be deposited in the U.S. Treasury and can be withdrawn by the states only to pay benefits.

Coverage vs Eligibility

Since the federal government has gradually extended the coverage of unemployment insurance to more and more industries employing more and more workers, the general public seems to equate this with eligibility for unemployment insurance. But coverage and eligibility are not the same. An unemployed person can work in an industry that is covered by unemployment

insurance and still be ineligibile to receive jobless benefits.

Who Is Covered?

In 1935, the federal provisions for unemployment insurance exempted employees of businesses hiring fewer than eight person, all employees of government and of nonprofit organizations, and agricultural and domestic workers. Although coverage was later extended to federal civilian employees, members of the armed services, and employees of some small firms, it was not until the Social Security Amendments of 1970 that there was a significant increase in coverage. These amendments required all states to extend the tax to employers of one or more persons or employers with payrolls of more than $1500 in a calendar quarter, certain nonprofit educational hospitals, and charitable organizations that employed four or more persons during a 20-week period. Employees of state hospitals and institutions of higher education were first covered in 1972. Under provisions of the Unemployment Compensation Amendments of 1976, coverage has been extended to certain agricultural and domestic workers, state and local government employees, and to employees of nonprofit elementary and secondary schools.

From 1948 until the passage of the latest amendments, the percentage of workers covered by the law rose from 76 to 88 percent, leaving uncovered 12 million wage and salary workers: most of whom (about 8 million) were in state and local government employment and (about 3 million) in agriculture and private household employment. In 1975, nationally covered employment actually went down to 86 percent due to the decline in covered employment resulting from the economic recession in that year. With passage of the amendments in 1977, projections are that the number of workers not covered by unemployment compensation will be less than 3 million, primarily in non-profit, private household, small firms and farm employment.

Who is Eligible?

As we have seen, until recently, millions of workers were in jobs that were not even "covered" by unemployment insurance. Can one then assume that persons who have worked in jobs that were covered by unemployment insurance are automatically eligible for benefits when they become unemployed?

Not if they had not been laid off their last job. As a rule, most of the unemployed who are seeking work have not been laid off their jobs. They tend to fall into one of three categories which are generally automatically ineligible for unemployment compensation: (a) those re-entering the labor force to find work (such as housewives); (b) those seeking work for the first time (such as recent school graduates or dropouts); and (c) those who may have had to voluntarily leave or quit their last jobs. In most non-recessionary periods, jobless workers in these three UI ineligible categories constitute the majority of the unemployed, while laid-off workers comprise a minority.

Yet, even being laid off a job does not automatically qualify one for UI benefits. First of all, the unemployed worker must have worked a "sufficient" number of hours over the last 12-18 months and had earnings that were above a specified "minimum" standard in order to qualify for jobless benefits. Regulations in most states require that between 14-20 weeks of work are needed in a "base year" (often 12-18 months) to establish eligibility for UI benefits. Thus, thousands of workers in marginal, seasonal or irregular employment, especially among minorities, are not eligible for unemployment insurance -- even if they have been laid off their jobs -- because they are not regarded as having sufficient, regular, and recent attachment to the labor force!

Second, the worker must have been laid off for other than employee misconduct. In short, an employee who has been fired for poor performance or behavior would not qualify for UI benefits. This is why ex-servicemen with

dishonorable or bad conduct discharges are not eligible for unemployment compensation. Only veterans with honorable discharges who have served for at least 90 continuous days are eligible for jobless aid. Discharge for misconduct is heavily penalized by most states. State penalities may include any one or a combination of the following: a reduction in the amount of one's benefits; postponement of benefits for some specified time (often for the entire duration of the unemployment period); or outright cancellation of all prior wage credits and benefit rights.

Third, many laid off workers who are receiving unemployment compensation may have their benefits prematurely terminated. Workers can lose their unemployment benefits if they are not "actively" seeking employment or refuse "suitable" work without "good cause." Federal law prohibits denying benefits to an eligible individual who refuses to accept work because: (a) of a strike, lockout or other labor dispute; (b) the wages, hours or other conditions of work are substantially less favorable than those prevailing for similar work in the locality; or (c) the individual would be required to join a company union or be obliged to refrain from joining a bona fide labor union.

Fourth, thousands of laid off workers may not be currently receiving unemployment compensation because they may have exhausted those benefits. This is especially the case with minority workers, who tend to remain unemployed for extended periods of time. It has been estimated that over one-fifth of UI recipients in general exhaust their benefits at any one time.

Fifth, some workers who voluntarily left their last jobs may be eligible for unemployment compensation, if it is determined that they left for "good cause." Reasons that may be acceptable as "good cause" for quitting include personal illness, illness in the family and sexual harassment.

However, although individuals may have left for "good cause," they may still be ineligible for benefits, if they are considered not to be "available for work." For example, a claimant who left because of personal illness or illness in the family may have had good cause, but may be considered to be unavailable for work.

In short, a majority of unemployed workers, at any one time, usually do not receive unemployment insurance benefits because: (1) they are re-entrants, new entrants or job leavers and were not laid off their jobs; (2) their field of employment, firm or industry are not covered; (3) they have not accumulated enough weeks or earnings to qualify as having a sufficient attachment to the work force; (4) they have been discharged for bad or otherwise poor work conduct; (5) they are not "available" for work; (6) they are not "actively" seeking work; (7) they have refused "suitable" work without "good cause;" (8) they have voluntarily left their jobs without "good cause," or (9) they may have simply exhausted their jobless benefits because of their extra long periods of unemployment. Since minority workers tend to be over-represented in those categories of workers who are ineligible for UI benefits, they tend to be less likely than white unemployed workers to receive them.

Adequacy of UI Benefits

How adequate are the benefits for the majority of unemployed workers who are able to qualify for unemployment compensation? This issue has generated some controversy in recent years. Some observers contend that the UI benefits are at such high levels that they are disincentives for the unemployed to actively find work and thus contribute to higher than normal unemployment rates. Thus, they urge that UI benefits be reduced by taxing them completely or in part. On the opposite pole, other commentators argue that the benefits

are inadequate because they fail to sufficiently take account of workers' family needs.

The official objective of unemployment compensation is to replace at least 50 percent of the workers full-time gross wages. Because of maximum amount of benefits, most unemployed workers in fact receive between one-third to about half of their former wages. While minimum benefits may vary from $10 to $38 a week, maximum benefits vary from $80 to $200 a week. But in only two-fifths (42%) of the states did the maximum weekly benefit equal half of the average weekly wage. And only about 40% of insured claimants across the nation were eligible for the maximum benefit. Moreover, only 13 states make some provisions for dependents of unemployed workers.

In short, most states provide jobless benefits that replace between one-third and a half of a worker's former wage and most make no allowances for dependents. But one's rent and family necessities are not also reduced in half while one is receiving unemployment compensation. Unemployed heads of families suffer disproportionately while receiving UI benefits -- unless they are fortunate to have accumulated sufficient savings or have supplemental earners to permit them to meet their on-going household obligations. Numerous studies have clearly documented the inadequacy of unemployment insurance for meeting basic consumption needs of workers and their families.

Duration of UI Benefits

All states provide UI benefits for a maximum period of at least 26 weeks. As of January 1976, 10 states provided for a maximum duration of 28 weeks or more. In the overwhelming majority (42) of the states, the percent of UI exhaustees who had received 26 or more weeks of benefits was 30 percent or more. Nationally, about one-fifth of the UI recipients exhaust their regular benefits during periods of relatively low unemployment, while over one-third exhaust their regular state benefits during periods of recession.

Since so many states virtually deplete their UI funds during recessions, Congress established a permanent federal Extended Benefits (EB) Program in 1970 -- at the height of the 1969-71 recession. This EB program extends the regular state unemployment insurance period an additional 13 weeks -- thus, providing a maximum of 39 weeks coverage. This extended benefits (EB) program was re-activated by the 1974-75 recession. Because of the depths of that recession, a special two-year emergency program, Federal Supplemental Benefits (FSB) was enacted on December 31, 1974 to temporarily extend coverage for 26 more weeks for workers who exhausted both their UI and EB benefits.

The Extended Benefits (EB) program can be "triggered on" during periods of high unemployment at either the state or national level. Nationally, the program is "on" when the seasonaly adjusted rate for the insured unemployed equals or exceeds 4.5% in each of the three most recent months; it is "off" when the insured unemployed rate drops below 4.5% in each of three consecutive months. At the state level, the program is "triggered on" when the insured unemployment rate for that state averages 4% for any 13 consecutive weeks and is 20 percent higher than the average rate for the corresponding 13-week period in each of the two preceding years. It is "off" when either of these conditions is not met.

Supplemental Unemployment Benefits (SUB)

The impact of unemployment for some workers, especially those in the auto industry, is further cushioned by Supplemental Unemployment Benefits (SUB) provided by private employers. Since the mid-1950's, unions like the United Auto Workers have succeeded in obtaining SUB benefits. These benefits, which supplement regular or extended federal/state UI benefits, can provide up to 95 percent of after-tax wages to laid-off workers. About

one-tenth of all employees in the private sector are covered by SUB programs. Of course, during periods of extended recessions, such as in 1974-75, even these private benefits begin to dwindle.

Trade Adjustment Assistance

In order to provide additional federal support to workers who became unemployed because of foreign imports, Congress established the Trade Adjustment Assistance program. It provides jobless benefits up to 70 percent of a worker's average weekly wage -- up to $269 a week. Since 1977, the primary beneficiaries of this program were steel workers. However, in 1980, employees of auto companies became eligible for this aid, when the U.S. Labor Department concluded that their unemployment was directly due to imports of foreign cars.

However, not all auto industry workers are currently eligible for these special benefits. Auto workers who produce auto parts, such as doors, bumpers, tail pipes, seat belts or windows, etc, for example, do not qualify for this special aid. This is because totally assembled cars are being imported from foreign manufacturers, not bumpers, tail pipes, doors, etc. It is evident that many auto industry unions will strongly challenge this questionable interpretation by the Labor Department of "direct" injury by foreign imports of the same product in order to qualify for trade adjustment assistance.

Public Assistance

Under the Social Security Act of 1935, four public assistance programs were established --Old Age Assistance (OAA), Aid to the Blind (AB), Aid to the Permanently and Totally Disabled (APTD), and Aid to Families with Dependent Children (AFDC). Matching federal grants were provided to the states for cash payments, social services and medical care to aged, blind,

totally disabled and dependent children who had inadequate resources to provide for their own needs. The 1965 amendments to the Social Security Act established Medicaid as a single and separate medical assistance program for the poor and needy. And, in 1972, the Supplemental Security Income (SSI) program was established -- merging the prior assistance programs for the aged, blind and disabled -- as a federally-operated program. Thus, the AFDC program continued to be administered by the state as a separate and distinct program for children in poor families.

AFDC

The term "aid to dependent children" is defined as money payments to a dependent child or children. A "dependent" child is defined as a child under the age of 16 who is deprived of parental support or care by reason of the death, continued absence from the home, or physical or mental incapacity of a parent, and is living with a father, mother or relative. Assistance is also provided for an adult caretaker who is not able to work or is unable to find work.

In order to qualify for AFDC, the family's income must fall below a "needs standard" that varies from state to state. The actual amount of an AFDC payment depends on the number of persons being assisted and the amount of other income. In 1978, about 7 million children in 3.5 million families received $10 billion in AFDC payments.

In determining a family's need, states must disregard all earnings of a child receiving AFDC who is a full-time student or is a part-time student, not working full-time, who is enrolled in a course of study designed to enhance his/her employability. Moreover, a state must disregard the first $30 and one-third of the remainder of the total monthly income earned by all other individuals living in the same household whose needs are taken into

account in determing need for AFDC.

All states allow for an AFDC recipient to own a home. Most states do not set a maximum on the value of the home or an acreage limitation on the land. Some states allow for ownership of personal property, but most of them place limitations on such personal property resources as stocks, bonds, life insurance or other assets that may be converted to cash.[8/]

Adequacy of AFDC Benefits

Since the federal government has left it up to the states to define need and a standard of need for families, the adequacy of AFDC benefits varies widely from state to state. Half of the states define need in terms of "minimum" subsistence, while 21 states define need in terms of a budgetary deficiency related to the state's assistance standard. All states consider food, clothing, shelter and utilities as basic need items. But the number of basic needs items varies from 5 and 6 in some states to 25 in Illinois. And special circumstance items vary from none in 15 states to 12 in New York.

Furthermore, since federal law does not require a state to pay families the full amount of need as determined by its own standard, most of them provide payments below their own standards of need. Only 22 states provide payments at their full standard, which are still often quite inadequate. Thus, while the average monthly payment to all AFDC families in 1978 was about $250, it should not be surprising that monthly payments to AFDC families were as low as $108 in Georgia, $107 in Texas, $85 in South Carolina and $47 in Mississippi.

Moreover, since the government does not require that the states include current prices for basic items in their assistance standards, most AFDC payments have been significantly eroded by inflation. Congress did require states to adjust their cost standards by July 1, 1969 to fully reflect changes in the

costs of living. But updating of payments has not been required. According to a recent analysis by the U.S. Department of Health and Human Services (formerly HEW), between 1973 and 1979, the average state maximum for a family of four without other income (in constant 1979 dollars) dropped sharply from $424 to $349 a month. Even in high AFDC payment states such as New York, the maximum payment of $476 a month for a family of four has not risen one cent from 1975 -- thus, families can only buy about two-thirds of the food, clothing and shelter they bought five years ago.

Friedman and Houseman characterize the continuing decline in real benefits to the poor as "welfare in retreat:"

> Real welfare benefits are in stark retreat ....it is clear that price increases since 1973 have taken a devastating toll on income transfers available to the poor. Although nominal benefits have actually risen in some cases in AFDC, Food Stamps, and Medicaid, the principal programs from which the non-aged, non-disabled poor derive income support, benefits adjusted for price increases -- "real benefits" -- declined significantly between 1973 and 1978.9/

AFDC-Unemployed Parent (AFDC-UP) Program

Most Americans are unaware that there is currently a welfare program that was specifically designed to aid children with unemployed fathers. Although the AFDC-UP program has been operating in about 26 states (all outside the South) for the past 20 years, conventional wisdom still contends that the welfare system, especially in the North, "causes" unemployed black fathers to abandon their families to permit them to qualify for assistance. It has rarely been asked why unemployed white fathers -- of which there are thousands more than black -- have not had to desert their families so that they could get welfare. Implicit in this one-sided notion of parental desertion is the assumption that the system is providing economic supports to unemployed white fathers that are not equally available to unemployed black fathers. Thus, this differential treatment could be due to racially

discriminatory administration of the welfare program. Or, it could be an unintended consequence of program eligibility criteria that disproportionately exclude more black than white unemployed fathers. We shall now examine the AFDC-UP program to determine which one of these explanations more adequately accounts for the under-representation of unemployed black fathers in this program.

In 1961, a program was instituted to provide benefits to dependent children in two-parent AFDC families in which the primary male breadwinner was unemployed or under-employed. This program was to be temporary and was optional for the states. In 1962, Congress extended the program until 1967. In 1967, Congress made it a permanent program for unemployed fathers -- AFDC-UF -- and provided a uniform definition of "unemployed."

Eligibility

An "unemployed" father was defined as one who worked less than 100 hours a month. Additional requirements for eligibility for assistance were that the unemployed father: (a) must have been unemployed for at least 30 days prior to receipt of aid; (b) must have worked at least six out of the last 13 calendar quarters (or least one and a half years over the last three years); (c) must not be eligible for unemployment compensation or he must have exhausted his jobless benefits, and (d) must not, without "good cause," have refused a bona fide offer of training or employment.

Since unemployed fathers in the AFDC program had to be ineligible for unemployment compensation or had exhausted their jobless benefits, one would expect such criteria to contribute to an over-representation of unemployed black fathers. But this advantage is decidedly offset by unduly restrictive criteria that require unemployed fathers to have had relatively stable work histories in the past as well as less than 100 hours of work a

month at present. It is quite understandable, therefore, that at the height of the devastating 1974-75 recession, the total number of families receiving AFDC-UF benefits throughout the nation was less than 125,000.

As a result of a 1975 Supreme Court decision, the AFDC-UF program was modified to permit fathers who were currently eligible for unemployment compensation to also qualify for this program. For the first time, fathers did not have to exhaust their jobless benefits before applying for AFDC-UF. Unemployment compensation could be used in conjunction with benefits from this welfare program. Furthermore, it was no longer necessary for an unemployed father who was eligible for unemployment compensation to file for it, if the amount he was going to receive was less than the benefits he would be entitled to from the AFDC-UF program. But those fathers currently receiving unemployment insurance could have those benefits supplemented up to the full AFDC-UF entitlement for their families. Clearly, the inadequacy of unemployment insurance benefits made it necessary for many unemployed heads of families to seek supplemental assistance from the AFDC-UF program -- especially during periods of recession.[10/]

Moreover, as a result of another Supreme Court decision (i.e., Califano v Westcott) on June 25, 1979, the AFDC-UF program was transformed into the AFDC-UP program. The court ruled that it was unconstitutional to make AFDC benefits available to an unemployed father in two-parent poor families and not to an unemployed mother.[11/] In its Welfare Reform Amendment of 1979 (HR 4904), the Carter Administration has proposed changing the program from an unemployed father basis to an unemployed principal wage earner basis. The bill defines a "principal earner" as whichever parent in the home that earned the greater amount of income in the six months prior to applying for AFDC. In addition, this bill eliminates the infamous 100 hour a month ceiling and mandates that

all 50 states participate in the AFDC-UP program for two-parent poor families. Today, only 27 states -- all outside the South -- have elected to have AFDC-UP programs; and this number has remained relatively constant since 1967. Unfortunately, because of the low priority for welfare reform in Congress now, there is little likelihood of any significant welfare reform legislation being passed in the near future.

In addition to underemployment of the primary wage earner, there are other ways that two-parent families with male heads can qualify for AFDC assistance. Poor families in which the husbands are blind, disabled, or otherwise handicapped or unemployable may also receive welfare support. Moreover, in its "man in the house" edict of 1968, the Supreme Court declared that even poor families with stepfathers who were not the natural fathers of the children in the household could qualify for public aid. About 4 percent of all AFDC families tend to have unemployed or under-employed male heads in the home, particularly during non-recessionary periods. Another 8 percent of all AFDC families have male heads in the home who are disabled or otherwise unemployable. According to HEW's national AFDC survey of 1973, six percent of white families on AFDC had unemployed fathers in the home, compared to only two percent of all black AFDC families.

Supplemental Security Income (SSI)

In order to provide more uniform, adequate and equitable assistance to the needy, the Social Security Act was amended in 1977 to establish Supplemental Security Income. SSI resulted from a merger of existing programs for the aged, blind and disabled, notably Old Age Assistance (OAA), Aid to the Blind (AB), and Aid to the Permanently and Totally Disabled (APTD). Although it continued to be restricted to low-income individuals and families, uniform eligibility criteria and minimum benefits levels were applied throughout the nation.

However, those who continued to meet the October 1972 state definition of blindness as well as those who had received state AB or APTD benefits prior to July 1973 and were on the rolls in December 1973 were automatically eligible for SSI. But those who became eligible for (state) AD after July 1973 had to meet the federal definition of disability to qualify for SSI.

The federal government has established SSI payment levels for eligible individuals and couples in three types of living arrangements: independent (i.e., in their own household); in the household of another individual; and in a medical facility with more than 50% Medicaid coverage. Recipients residing in non-medical facilities or in private medical facilities where half or less of the costs of care are absorbed by Medicaid are paid on the independent living arrangement standard. Individuals in public institutions who receive little or no assistance from Medicaid are ineligible for SSI benefits.

But federal SSI payments do not vary by geographical location or according to reason for eligibility. The aged, blind and disabled in the same financial circumstances all receive the same amount of benefits. A blind or disabled child qualifies for SSI on the same basis as a blind or disabled adult with only slight differences. Handicapped children under 21 years old living with parents are paid at the same rates as those living independently and the income and resources of their parents determine their eligibility and payment amounts.

Eligibility

Individuals 65 years and over are eligible for SSI if they have no Social Security benefits or minimum Social Security coverage and insufficient other economic resources. This is especially the case with regard to many

black elderly who worked for years in jobs (such as domestic and farm work) that were not covered by Social Security until recently.

To qualify as visually or physically handicapped or disabled: the individual must have 20/2000 vision or less with the use of correcting lens in his better eye or with tunnel vision of 20 degrees or less; be disabled to the extent that he/she is unable to engage in any substantial gainful activity by reason of any medically determined physical or mental impairment expected to result in death or that has lasted or can be expected to last for a continuous period of at least one year. In order for a disabled child under 18 to be eligible for SSI, the disability must be of comparable severity with that of an adult.

Any disabled individual who has been medically determined to be an alcoholic or drug addict must accept appropriate treatment, if available in an approved facility and demonstrate compliance with requirements for treatment. Blind and disabled individuals under 65 years of age must be referred to the state agency providing services under the Vocational Rehabilitation Act and must accept the services offered. Originally, individuals who were inmates of a public institution were ineligible for SSI benefits -- unless the institution was approved for Medicaid payments and was receiving such payments on behalf of the person and more than 50 percent of the costs were covered by Medicaid. In 1976, persons in publicly-operated community residences serving no more than 16 persons were made eligible for SSI. And non-citizens of the U.S., who were legally admitted and are permanently residing in this country, may be eligible for SSI benefits.

Adequacy of Benefits

Although SSI is a federally-administered program, states have the option to provide supplementary payments to recipients whose needs are not

adequately covered by the federal payments. Moreover, states can elect to have the federal government (i.e., the Social Security Administration) make the state supplemental payments for them or the states can pay the SSI recipients the state supplements themselves. Thus, there can be two types of SSI payments -- federally-administered or state-administered.

Two types of optional state suppliments may be provided: (a) basic payments for food, shelter, clothing and utilities, etc. and (b) special payments for emergencies and other special circumstances. As of October 1, 1977, some form of optional state supplementation covering basic needs was in effect in 40 states. And most of these states provided some supplementation for special needs as well.

Although federal SSI payments dc not differ according to reasons for eligibility (i.e., aged, blind and disabled) for persons in the same financial circumstances, the optional state supplement payments may vary under both the federal and state-administered optional programs. Also, states may elect to exclude any eligibility category from optional supplementation.

Under the federal SSI program, if both husband and wife are eligible and live in the same household -- or have been separated for less than six months -- they are considered to be a single assistance unit. Because of shared shelter aid maintenance costs, couples receive less than two eligible individuals who are living apart.

The federal SSI program is primarily designed to provide a uniform minimum floor for income to meet basic needs and not special needs. It is through the optional state supplemental programs that coverage of special and emergency needs are encouraged. However, periodic cost-of-living adjustments in the federal SSI payments were established in 1974. Thus, SSI payments are to be adjusted for inflation at the same time as adjustments are made for regular Social Security (i.e., OASDHI) benefits.

In 1979, about 4.1 million persons received federally-administered SSI payments. And the average amount of these payments fell between $120-$160 a month.

General Assistance (GA)

General assistance is a public assistance program that is completely financed from state or local funds. It provides financial assistance to needy one-parent and two-parent families or individuals primarily in their homes. Thus, there is no federal involvement in GA programs at all. Aid may be given in the form of money payments, in-kind assistance provided directly to recipients, vendor payments for medical or remedial care, or vendor payments for other goods and services. It may include assistance to recipients living in boarding or nursing homes or in certain public or private institutions, with the exception of transient care given through shelters or overnight lodging houses. It does not include cases in which only vendor payments for burials are made.

All states have some form of General Assistance program, except for Arkansas, where the GA program was suspended on June 30, 1975 because of funding and budget constraints. States, however, vary greatly as to the administration of their programs, the source of funds, conditions of eligibility, etc. 12/

Administration

Nineteen states administer their general assistance program by a state public assistance agency through its local offices. Of the states in the South, six have this type of administration: Alabama, Delaware, D.C., Louisiana, Oklahoma and West Virginia. In 9 states the program is supervised by the state public assistance agency through local offices which are branches of

county or municipal government, usually also serving federally-aided programs. Maryland, South Carolina and Virginia are among the states falling into this category.

In 22 states, the program is administered by local political jurisdictions. In six of these states, specifically limited responsibility is exercised by the state public assistance agency. In 16 of these states, no responsibility is exercised by a state agency. Of the latter, seven are southern states: Florida, Georgia, Kentucky, Mississippi, North Carolina, Tennessee, and Texas. The local unit of administration is usually the county; but some cities have separate programs or comprise separate administrative units, sometimes with municipal funds and policies that vary from those of the county.

Twenty one states operate on state funds only, while eleven states use a combination of state and local funds. And, 19 states (including Florida, Georgia, Mississippi, North Carolina, Tennessee, and Texas, use local funds only.

Eligibility

In 28 states, assistance is given to families with children, couples, and non-family individuals. In Alabama, Kentucky and Virginia, this is for short-term emergencies only. In rural California counties, aid to employable persons may vary with seasonal labor needs. In some counties in Colorado, aid is restricted to families with children. In Nevada and North Carolina, assistance is usually only emergencies, but it varies among the counties. Only four Southern states fall into this general category: Alabama, Kentucky, North Carolina, and Virginia.

Eighteen states give assistance to families with an employable member under some circumstances; but to couples and non-family individuals only if unemployable, or temporarily unemployable. For example, South Carolina provides GA benefits to individuals or couples who are disabled temporarily

if the spouse of the applicant is in the home and is not an AFDC or SSI recipient. In four states, including Florida, local policies vary as to family status; assistance is usually given only on an emergency basis.

Eleven states have no requirement for residence or durational residence. Eleven states have durational residence requirements, either state, local or both with exceptions made for emergency assistance only. In Louisiana, no exceptions are reported for aid to non-residents, transients or migrants. In Florida, migrants living within the state with intent to maintain it as their base of residence are eligible for general assistance on the same basis as any other person. Twenty-nine states require that an applicant be a state or local resident at the time of application.

Employability

In 13 states, General Assistance (GA) is given primarily to unemployable persons or to families without an employable member. In Arizona and Nevada, there is aid in short-term emergency situations for the temporarily unemployable. Arizona uses its Emergency Relief Program for such cases. In D.C., the person must be incapacitated as substantiated by medical and social data. In Maryland, GA is provided for unemployed or part-time employed specifically due to a medically substantiated impairment. In some Md. counties, GA is available for fully employable persons. In Massachusetts, families with employable members may be eligible if persons between the ages of 16 and 65 are registered with the state employment service and will accept referrals of suitable employment. In South Carolina, this applies to the primary statewide program. Other Southern states that give GA aid primarily to the unemployable are Delaware, Georgia, Louisiana, Mississippi, Oklahoma, Tennessee, Texas and West Virginia.

In 34 states, General Assistance (GA) is given to persons or families without regard to employability. In most of these states such aid is short-term for emergencies. In 11 states General Assistance will be used to aid a father unemployed because of a strike.

Of the 34 states that report assistance given without regard to employability, sixteen require the acceptance of an assignment to a systematic work program of projects or public service jobs; and 11 states require only registration with state employment services, sometimes coupled with evidence of independent work search.

Twelve states, including Alabama, Louisiana, and Maryland, will not give general assistance (GA) to persons eligible for AFDC or SSI. Seventeen states extend GA eligibility to persons pending receipt of AFDC or SSI. Southern states in this category are: Delaware, D.C., Georgia, South Carolina, Tennessee, West Virginia. In 6 states, a recipient of SSI or AFDC may receive GA also, but only in an emergency situation.

Twenty-one states have a General Assistance program designed to respond to any kind of need of an eligible family or individual as defined by the particular state's program. Southern states in this category are Delaware: D.C., Maryland; and South Carolina. In all of these states, aid is primarily to an unemployable person or families without an employable member except that emergency aid may be granted to employables. In South Carolina, a general assistance program for continuing need is supplemented by a separate program design to meet emergency needs of persons otherwise ineligible. Fifteen states have a program designed primarily to meet continuing needs of eligible families or individuals in specified types of situations only and to give short-term or emergency assistance when needed. In 17 states, the program is designed only to meet emergency needs or to give assistance on a

short-term basis.

Adequacy of GA

Fifteen states set a maximum on the amount of assistance that can be given to a recipient and 25 states set no maximum on amount of assistance, except such limitations as may result from limited funds available. Three states limit the length of time for which assistance may be given and in 37 states, there is no specific limitation on length of time General Assistance may be given within the scope of the state's program.

For maintenance items, 24 states generally use money payments. Only Delaware gives money payment directly to the recipient for medical care. Two other states give both money payments and vendor payment. Fifteen states do not pay medical care from general assistance funds.

General Assistance recipients in about half of the state appear to be automatically eligible for food stamps. In about 16 states they may be eligible, but have to be certified for eligibility. Southern states are divided among those in which general assistance recipients are automatically eligible for food stamps (i.e., Alabama, Delaware, D.C., Louisiana, Maryland, North Carolina, and West Virginia) - and those in which they may be eligible, but must be certified for eligibility (i.e., Arkansas, Florida, Georgia, Kentucky, Mississippi, Oklahoma, South Carolina and Texas).

In September 1979, for example, about $100 million in General Assistance payments was provided to 820,000 recipients in 43 states. The average payment for each recipient was about $123 a month.

The Food Stamp Program

The federal food stamp program, which was established by the Food Stamp Act of 1964 under the administration of the U.S. Department of Agrigulture, was designed to "provide for improved levels of nutrition among economically

needy households." But it was not until the late sixties, in response to shocking Congressional findings of pervasive hunger and malnutrition in America, that significant reforms in the food stamp program began.

In 1969, Congress greatly increased appropriations available to the Food Stamp program. The U.S. Agriculture Department encouraged program expansion, such that by the end of 1970, only 39 areas were without either food distribution or food stamps. Congress established uniform national standards of eligibility in 1971 and required all states to inform low-income people about the availability of food stamps. And in 1974, Congress mandated all states to offer food stamps to the poor.

But the poor had to purchase their food stamps! The amount of food stamps they received was equal in value to their cash payment, plus an additional amount known as the "bonus." Thus, they had to pay about 75 cents for every $1.00 worth of food stamps. In many instances, such purchases amounted to about 30% or more of a poor family's total income. Consequently, large numbers of needy families could not afford to participate in the food stamp program.

Therefore, in the Food Stamp Act of 1977, the purchase requirement was eliminated. This permitted poor families and individuals to receive food stamps at no cost. But the Act also significantly restricted eligibility in the Food Stamp program by lowering the income limits; made work registration requirements more stringent; replaced the itemized deduction with a standard deduction for all households; a 20 percent of earned income deduction (to replace the work-related deductions); and a combined shelter/child care deduction.

The purchase requirement was to be eliminated in 9 states by December 1, 1978 and in the remaining 45 states by January 1, 1979. All states

had to implement the 1977 Act's more stringent eligiblity rules by March 1, 1979 and had to completely convert their caseloads by June 30, 1979 An Agriculture Department report, "Elimination of the Purchase Requirement in the Food Stamp Program -- Effect on Participation and Cost," issued in October, 1979, estimated that the new eligibility criteria removed between 500,000 to 700,000 persons across the nation, including Puerto Rico, Guam and the Virgin Islans, from the Food Stamp program.

Eligibility

Food stamps are allocated to households units and not to different families within households. The amount of stamps a household receives varies by size and income. The maximum amount of resources a household may have is $1,750 or $3,000 if the household has two or more people in it and one of them is 60 years or older.

Household members 60 years and over, or who receive Social Security disability or SSI benefits are able to deduct monthly medical expenses over $35. And all of the following sources of income are to be disregarded in determing a household's net income: money from loans, earnings of student under 18, and educational scholarships. The monthly income for a family of four, for example, cannot exceed $596.

Amendments to the Food Stamp Act in 1977 and 1980 placed very stringent regulations on the participation of college students. Consequently, college students can only qualify for food stamps if they are: 60 years and over; disabled; a head of household (or a spouse of a head of household) with one or more persons dependent on them for more than half of their total support; or employed a minimum of 20 hours a week or participating in a federally-funded work study or Work Incentive (WIN) program.

Adequacy of Food Stamp Benefits

Food stamp benefits are based on the U.S. Department of Agriculture's Thirfty Food Plan, the lowest cost of four food plans developed by the government. But, even the U.S. Department of Agriculture acknowledges that this food plan does not provide an adequate diet for most poor families:

> The Department recognizes that a number of factors make it difficult ... to obtain an adequate diet on... the Thrifty Food Plan. In fact, fewer than one in ten families spending an...equivalent to the cost of the Thrifty Food Plan received 100% of the Recommended Daily Allowances. Less than half received even two-thirds of the Daily Allowances....The average food purchaser, without specific nutritional skills and training, would find it difficult to make the food choices which provide an adequate diet on...the cost of the plan. 13/

In addition, food stamp benefits have not increased (in real dollars) since 1970. The current average food stamp benefit is about $1.15 per person per day or about 38 cents a meal. The most that a person with no income at all can receive in benefits is about $2.00 a day. 14/

Currently there is a financial crisis with regard to the Food Stamp program. This is a result of the fact that the Food Stamp Act of 1977 had placed a ceiling (or "cap") on the maximum annual level of expenditures for the program. But that ceiling was based on governmental projections that underestimated the spiraling rate of food prices concurrent with a deepening economic recession in 1980. In short, the numbers of poor and unemployed persons increased at a faster rate than had been expected and the need for food stamps assistance greatly expanded. In an attempt to maintain a "balanced budget," Congress made the eligibility requirements for the Food Stamp program increasingly restrictive. Thus, thousands of poor are being removed from the program in order to accommodate other needy individuals and families.

In January 1980 about 21 million persons were receiving Food Stamps. But some observers have estimated that about 800,000 persons were removed from the Food Stamp program by the spring of 1980. It is not yet clear whether poor people from minority groups have been disproportionately removed from the food stamp program.

Medicaid

In 1965, the Social Security Act was amended to establish Medicaid as a single and separate medical assistance program for the poor and needy. There are two types of groups that are entitled to receive Medicaid:

(1) Persons and families that are currently recipients of payments from public assistance, such as Aid-to-Families with Dependent Children (AFDC) and Supplemental Security Income (SSI); and

(2) Low-income persons who may not be on AFDC or SSI, but are in fact economically eligibile for such programs.[15/]

In general, Medicaid payments are made to vendors or providers of medical services (such as hospitals, clinics, doctors, social service agencies, etc.). But like the AFDC program, the Medicaid program is primarily state-administered. Although the federal government provides various matching/reimbursement funds, the eligiblity criteria and the levels of payment for Medicaid are determined by the states. Consequently, actual participation of poor and needy individuals may vary significantly from state to state. And one must require some medical assistance or service before one can "benefit" from this program.

Federal law does not mandate a work requirement or the acceptance of training or rehabiltation for participation in Medicaid. No lien or encumbrance of any individual prior to his death may be applied on

account of medical assistance rightfully received or at any time if he was under age 65 when he received such assistance, unless a court decides benefits were incorrectly paid. There is also no federal provision for transfer of property; it is optional for a state. A state may hold the following relatives responsible for the Medicaid applicant or recipient: the spouse of the individual who needs medical care or services, and the parent of the individual if such individual is under 21 or is permantly and totally disabled.

Benefits

The benefits are medical care services, specified in the state's plan for which full or partial payment is made on behalf of eligible beneficaries. States may also make per capita premium payments to a health insurance agency for coverage of specified medical services and may pay Medicare supplementary medical insurance premiums to the Social Security Administration on behalf of specified groups of eligible beneficaries. The cash value of vendor payments is the amount paid for medical care services on behalf of the individual. One of the medical services funded by Medicaid is Early and Periodic Screening, Diagonsis and Treatment (EPSDT) which is suppose to provide comprehensive primary and preventive health care services to about 10 million children, the majority of whom are non-white. Yet this program reaches only about one-fourth of the eligible population nationwide. In addition, of children screened, nearly half of the identified conditions are never treated. Ineffective state administration appears to be a major factor in the failure of this medical serivice to reach these most in need of it. 16/

Medicaid may be used to provide services to pregnant women who are:

a. The mother of a dependent child on AFDC

b. Under 21 and a child in an AFDC family or in a state covering all poor children under 21

c. Disabled

d. Considered to be a "family" by a state on the basis of her first unborn child

Thus, poor women may not receive prenatal care in some states if they are pregnant with their first child, even if they may become eligible once the child is born. In others, they can receive neither pre-natal or post-natal care if they are in a two-parent family. Moreover, states have the option as to whether they are willing to provide benefits for abortion. And, since the Supreme Court decision in 1980 upholding the right of the federal government not to provide funds for abortion for poor women, states that are willing to fund such services will not be reimbursed by the federal government -- unless Congress passes legislation specifically approving it.

AFDC children in foster care are eligible for Medicaid. But when that child is formally adopted, eligibility for Medicaid ceases, unless the adopting family is eligible for Medicaid. This is a significant barrier to the adoption of children with physical or mental handicaps. For, many adopting families may not have adequate private health insurance to cover the pre-existing conditions of the child. Thus, such children often remain in foster care who might otherwise have been adopted.

As of July 1978, only 29 states and Washington, D.C. took advantage of the option to cover non-AFDC and non-SSI recipients who were medically indigent. Unemployed fathers in the AFDC program are eligible for Medicaid in 27 states and D.C. Michigan also exercised the option to cover children of unemployed fathers under Medicaid, even though they were not covered under the regular AFDC program.

CHAPTER THREE

Impact of Income Cushions on Blacks

Because of the sharp increase in the level of spending for both social insurance and public assistance programs over the past decade, many commentators, such as Martin Anderson, are declaring that the "war on poverty has been won" and that "poverty has been virtually eliminated in the U.S.":

> The key criteria by which to judge the efficacy of welfare programs are two: the extent of coverage and the adequacy of support.
>
> Coverage of the eligible welfare population is now almost universal -- if one is sick, or is hungry, or cannot work, or is blind, or has small children to care for, or is physically disabled, or is old -- then there are dozens of welfare programs whose sole purpose is to provide help.
>
> And the level of help is substantial...Virtually all people who are eligible qualify for government checks and government-provided services that automatically left them out of the official ranks of poverty...
>
> There will be isolated instances where a person is unaware of being eligible, or is unjustly denied aid by a welfare bureaucrat or simply chooses not to accept the social stigma of being on welfare. But these cases are the exceptions. In fact, just the opposite concern-- those getting welfare who have no right to it -- is the one that seems to be growing.17/

Several studies of income transfer programs strongly challenge Anderson's assumption about the "universality" of coverage of the eligible poor population. Moreover, we contend that among certain segments of the poor, especially blacks and other minorities, the unjust denial of aid are not "isolated instances" or "exceptions."

Unfortunately, although there appears to be widespread consensus concerning the easy availability of public assistance benefits to minorities, there have been few systematic studies of the actual extent of participation of minorities in the various income transfer programs -- both cash and in-kind. Moreover, surprisingly, there have been even fewer studies of the actual

extent of multiple benefit participation of the poor -- whether black or white. Most observers merely assume that all welfare families automatically receive Medicaid, food stamps, free lunches, housing subsidies, etc. without systematically verifying the extent to which this is in fact the case.

Perhaps the most comprehensive attempt to determine the incidence of multiple benefits in income transfer programs on a nationwide basis was undertaken in the early 1970's by the U.S. Congress Joint Economic Committee's Subcommittee on Fiscal Policy under the chairmanship of Martha Griffiths. Based primarily on samples drawn from administrative case records in selected areas across the nation, estimates were derived concerning the extent of program overlap by beneficiaries of cash and in-kind income transfers. Attempts were also made to estimate the value of in-kind benefits to participants.[18/]

This Congressional committee study revealed that sizable proportions of the poor did not receive most of the multiple benefits for which they were "automatically" eligible. For example, although almost all AFDC recipients were supposed to be covered by food stamps or food distribution programs, it estimated that only about two-thirds of them participated in either one of those food programs. Moreover, it estimated that only 50% of AFDC children benefitted from free or reduced-price school lunches, while only 13% of AFDC benefitted from publicly subsidized housing. Since this analysis did not present its data by race, it was not possible to determine whether or not there were racial differentials regarding participation in multiple income transfer programs.

Government agencies tend to conduct special studies and surveys to determine the extent of participation in only the income transfer programs funded by those agencies. For example, the Agriculture Department periodically conduct studies of characteristics of food stamps households; HUD's Annual Housing Survey obtains data on extent of participation in public

housing units; HEW conducts a survey every two years on the characteristics of AFDC families; and the Labor Department conducts its own studies of the characteristics of participants in employment and training programs. Consequently, there is no one government survey that periodically obtains information on the nature and extent of participation in income transfer programs that cut across various agencies. It is for this reason that most of the assumptions about "universal coverage" and "multiple benefits" of the poor are based more on speculation than on systematic examination of actual program participation.

One government effort that should significantly enhance this nation's knowledge concerning the nature and extent of participation in various cash and in-kind income transfer programs is the proposed Survey of Income and Program Participation (SIPP) under the direction of HHS (formerly HEW). This SIPP survey is currently in its pilot phase, but once fully operational, it may eventually obtain program participation data from as many as 100,000 households. Although this effort is being sponsored by HHS, it is envisioned that information relating to income transfer programs funded by other government agencies would also be incorporated in this survey.

However, in order to obtain current information on the extent of participation of blacks in the various income transfer programs, the National Urban League included questions related to this area in its nationwide survey (the "Black Pulse") of 3,000 black households conducted during the fall and winter of 1979.

The Black Pulse asked only the heads of household (i.e., either a husband or wife or an unmarried adult head) about the extent to which members of that household had received income or other benefits from the following "means-tested" sources over the past year:

(1) public assistance or welfare
(2) Supplemental Security Income (SSI)

(3) Medicaid
(4) Food Stamps
(5) Free school lunches
(6) Public housing
(7) Rent subsidy

Information was also obtained concerning receipt of income or benefits from non-income-based social insurance programs, such as Social Security, Medicare, workmen's compensation, government pensions, and veterans benefits. In order to keep the face-to-face interviews within a manageable length of time, no information was sought concerning the amount of income that households received from these various sources.

In order to determine the extent of multiple participation of blacks in income transfer programs for the poor, an index was developed consisting of the seven (7) income-based benefits listed above. This was scaled from 0-7 and indicated only the number of different income benefits received. In later studies, we intend to examine these multiple benefits patterns according to the various types of combinations (i.e., welfare and SSI; food stamps, SSI and welfare; public housing, welfare, free lunches, and Medicaid, etc.).

Unemployment Insurance

The Black Pulse survey revealed that the overwhelming majority (70%) of unemployed black household heads received no income from unemployment compensation. Only one-tenth (11%)of the unemployed black household heads were currently receiving jobless benefits, while 18% had exhausted their benefits because of their extended periods of unemployment.(See Table 1.A)

But these findings are not too surprising, since we noted in the preceding chapter that the majority of the unemployed are not eligible for unemployment insurance -- since they have not been laid off. Therefore, we examined the extent to which blacks who had been laid off received jobless

benefits. Once again, the Black Pulse Survey revealed that even the majority (56%) of laid-off unemployed black household heads had not received any jobless benefits. Only 20% were currently receiving benefits, while one-fourth (24%) had used up their benefits.

Although only a small fraction of the unemployed received unemployment benefits, one should not conclude that they did not receive any income support. In fact, about half (52%) of all the unemployed black household heads were on welfare. Dependence on public assistance was especially significant among the unemployed who had used up their jobless benefits (58%) or who had never had any unemployment benefits (53%). Only one-fourth (26%) of the unemployed who were currently receiving unemployment compensation also received public assistance. Thus, since unemployment insurance is less available to jobless blacks, there is a greater need for them to rely on public assistance to meet their family needs during extended periods of unemployment, especially in times of recessions. (See Table 1.B and 2)

Public Assistance

Although about half of unemployed blacks receive public assistance, one should not infer that a similar proportion of all black households are on welfare. On the contrary, only about one-fourth (24%) of all black households received some public assistance. The Current Population Surveys conducted by the U.S. Census Bureau have also regularly revealed that about one-fourth of all black families were on welfare.

Interestingly, however, over half of all low-income black households are not on welfare. The Black Pulse Survey revealed that 56% of all black households with income under $6,000 receive no income from public assistance. Moreover, 60% of all black households with no income from wages also did not receive any income from welfare benefits. Thus, contrary to popular beief, over half of all poor black households receive no income from welfare. (See Table 3)

Multiple Benefits

Since it is widely-believed that welfare families are automatically eligible for virtually all of the other income transfer programs for the poor, we decided to determine the extent to which this was the case among blacks. In the Black Pulse Survey, except for food stamps, a significant majority of black households on welfare did not receive most of the other benefits. For example, although all welfare households are suppose to be eligible for Medicaid, only half (51%) of black welfare families reported that they had Medicaid coverage. Moreover, only one-third (32%) of welfare families were in public housing units and only one-fourth (25%) received rent subsidies. And, only 45% of black welfare households received free school lunch benefits, while 72% of them participated in the food stamp program. (See Table 4)

The extent of participation of low-income black households in general in income assistance programs for the poor was lower than that of households on welfare. For example, among black households with income under $6,000: only 51% received food stamps; 39% were covered by Medicaid; 33% were in public housing; one-fourth had rent subsidies (25%) and free school lunches (25%); and only 22% had Supplemental Security Income (SSI). Thus, it is apparent that large segments of the "eligible" poor black population are not in fact receiving most of the so-called "universal" benefits for the poor.

These findings further underscore the need to distinguish "potential" and "actual" benefits from income transfer programs. Two past studies that made significant contributions in this area were a later study by the Joint Economic Committee, "How Public Welfare Benefits are Distributed in Low-Income Areas," which used actual case records from various administrative agencies

of recipients in six poverty areas across the nation and a Rand Corporation 1976 Study, Multiple Welfare Benefits in New York City, which used agency records in New York City to examine the actual multiple benefit participation of 42,450 AFDC recipients. Both studies found that actual participation of low-income groups in various income transfer programs was much lower than revealed by simulation research studies of "potential" participation based on categorical eligibility. In addition, both studies revealed quite a wide range of combinations of benefits received by the poor -- depending on their individual circumstances. The findings from these and related studies of actual participation patterns were reinforced by results from the Black Pulse Survey when key means-tested income transfer were combined into an Index of Economic Benefits for the Poor.[19/]

Index of Economic Benefits for the Poor

As we observed previously, an Index of Economic Benefits for the Poor was developed by combining seven income-based public assistance programs -- welfare, S.S.I. Medicaid, public housing, rent subsidy, food stamps and free school lunches. Although the index was scored from 0-7, none of the 3,000 Black Pulse households received all seven of the benefits. Therefore, the results actually ranged from 0-6.

First of all, contrary to the popular image of most black families being dependent on public assistance programs, the Black Pulse Survey revealed that almost half (45%) of all black households did not receive benefits from any of the 7 most well-known income support programs for low-income persons. And only 20% benefitted from one of the 7 low-income programs. In other words, about two-thirds (65%) of all black households participated in only one or none of these seven income programs for low-income persons. (See Table 5)

However, these results may not be too surprising for those who believe that the majority of black families are already "middle-class" and have no need to participate in income support programs for the poor. But, one would expect the overwhelming majority of low-income black households to receive most of these governmental benefits for the poor.

On the contrary, the Black Pulse Survey also revealed that the majority of low-income black households are also not recipients of most of these "universal" income cushions for the poor. In fact, one-fifth (20%) of all black households with incomes under $6,000 participated in none of the seven income programs for the poor, and another 20% received benefits from only one of the 7 programs. Similarly, one-fourth (24%) of the black households with no income from wages also received no benefits from any of the 7 programs, while 18% benefitted from only one of the 7 programs. In short, about two-fifths of all poor black households received benefits from only one or none of the seven most popular and heavily funded income transfer programs for the poor. Clearly, these results suggest that the billions of dollars in expenditures for those programs are not being effectively targeted to the black poor across this mation.

But what about multiple participation among black households that are already receiving at least one of these benefits? Certainly, there should be a high level of multiple use among low-income families that have been reached by one of these programs for the poor.

Results from the Black Pulse Survey do reveal, as might be expected, that recipients of one of these benefit programs are more likely than low-income persons who are not recipients to also participate in other income transfer programs from the poor. But not to the extent that simulation studies of potential benefit participation suggest.

For example, only 7% of the welfare recipients benefit from none of the other six programs. But 19% benefit from only one of the remaining six programs for the poor, while one-third (32%) benefit from only two additional income support programs. In other words, about one-fourth (26%) of all black welfare recipients benefit from either one or none of the other six programs, while 58% benefit from two or less of the six remaining programs. These findings are quite startling since most policy-makers (as well as the general public) believe that welfare recipients are "automatically" eligible for Medicaid, food stamps, free school lunches, rent subsidies and public housing.

But eligibility should not be equated with participation. Although further indepth analysis will be made of the Black Pulse data in order to be more definitive about the "eligibility" of households based specifically on their household size and other attributes, these preliminary findings strongly suggest that even the majority of black welfare households are not benefitting from most of the major government income programs for the poor.

If the majority of welfare households are not receiving benefits from most of these economic support programs, it is not surprising to note that multiple participation is even lower among recipients of other programs. For example, one-fifth (18%) of S.S.I. recipients receive benefits from only that program, while 27% benefit from only one additional program. Similarly, 16% of Medicaid recipients benefit from none of the remaining six programs, while 19% benefit from only one additional program. One-fourth (23%) of public housing recipients receive no benefits from any of the other six programs, while 19% benefit from only one additional programs. Likewise, 47% of free school lunch recipients either get no benefits (29%) from any of the remaining six programs or only one (18%) additional benefit, But while 22% of food stamps recipients benefit from only one of the remaining

six programs, 11% receive benefits only from the food stamps program. In short, excluding welfare recipients, between one-third to half of the recipients of other public assistance programs receive only one or no benefits from the remaining six income transfer programs for the poor.

In sum, these preliminary findings from the Black Pulse Survey revealed that:

(1) Only one-fifth of all unemployed blacks who have been laid off their jobs currently receive unemployment benefits.

(2) About two-fifths of all low-income black households received benefits from only one or none of the seven most popular income support programs for the poor.

(3) About one-fourth (26%) of all blacks on welfare benefitted from only one or none of the other six income transfer programs for the poor.

(4) Between one-third to half of the non-welfare public assistance recipients received benefits from only one or none of the other six income support programs.

(5) Two-thirds(65%) of all black households received benefits from only one or none of the seven income support programs for the poor.

Conclusions

These findings strongly suggest that large segments of the low-income black population in this nation are not being reached by most of the major government income transfer programs for the poor and jobless. Why these "universal" income cushions are not readily available to most low-income blacks has not been revealed by this study. Some of the black poor may be unaware of these programs; some may be aware, but because of pride may refuse to apply for their benefits; some may be unjustly denied benefits for both racial and non-racial reasons; and many may not be "eligible" based on unique regulations of their states. And, most significantly, many of them may have been former recipients in one or more of these

programs, but were removed from the rolls as a result of more stringent eligibility criteria due to "budget-cutting" and "budget balancing" efforts at the federal, state and local levels.

Moreover, these results also indicate that it is erroneous to "cash out" all the potential benefits to the poor, since they do not receive most of them. And, that, if the benefits they actually received were "cashed out," most of them would still probably remain below the official poverty level!

Furthermore, these data indicate that the black community was already in a state of economic depression before the onset of the current recession during the first half of 1980. Thus, this recession, which was deliberately induced by the government as a primary means of fighting inflation, clearly is being borne disproportionately by blacks across this nation. This fact was especially highlighted in an earlier Black Pulse report that revealed that one-fourth of all black heads of households were unemployed during the last quarter of 1979.

Based on these results, we feel that some of the following actions should be taken by major policy-makers:

(1) Efforts to insure full employment for all groups in this nation should be mounted as a number one priority -- especially during this current recession.

(2) More effective targeting of economic support programs to the poor and jobless in the black community.

(3) Insensitive and punitive eligibility criteria for economic support employment and income programs should be removed.

(4) Intensive efforts should be made to eliminate or reduce racially discriminatory practices in the administration of economic support programs at the federal, state, county and city levels.

(5) Surveys of the needs of minority and low-income groups should be conducted periodically in order to systematically determine the extent to which government programs are in fact reaching those most in need of them.

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Table 1

A. Proportion of Unemployed Black Heads of Household Receiving Unemployment Benefits

Unemployment Benefits	Total Unemployed	Laid-Off Unemployed
Total	100	100
Receiving Benefits	11	20
Used Up Benefits	18	24
Never Had Benefits	70	56

B. Percent of Unemployed Black Heads of Household Receiving Welfare Assistance

Unemployment Status	Percent on Welfare
Total Unemployed	52%
Receiving Jobless Benefits	26%
Used Up Benefits	58%
Never Had Benefits	53%

Source: Prepared by the NUL Research Department from data in Black Pulse Survey.

Table 2

Employment Status of Black Heads of Households on Welfare and With Income Under $6,000

	Total Heads of Household	On Welfare	Household Income Under $6,000
Total Number	2,980	799	823
Total Percent	100	100	100
Not in Labor Force	36	48	61
In Labor Force	64	52	39
Employed	54	29	22
Unemployed	10	23	17
Unemployment Rate	16%	44%	41%

Source: Prepared by the NUL Research Department from data in Black Pulse Survey.

Table 3

Percent of Black Households on Welfare and Percent With Income Under $6,000 by Source of Income

Source of Income	Percent On Welfare	Percent With Income Under $6,000
All Black Housholds	24%	34%
Public Assistance		
S.S.I.	30%	61%
Medicaid	52%	57%
Public Housing	44%	53%
Rent Subsidy	57%	66%
Food Stamps	61%	59%
Free Lunches	48%	38%
Social Insurance		
Social Security	19%	50%
Medicare	29%	51%
Veterans Benefits	17%	29%
Unemployment Benefits	27%	20%
Poor		
Under $6,000	44%	-
No Income from Wages	40%	69%

Source: Prepared by the NUL Research Department from data in Black Pulse Survey.

Table 4

Percent of Welfare and Low-Income Black Households Receiving Various Cash and In-Kind Economic Benefits

	(Percent Receiving Various Benefits)		
Other Public Assistance	Welfare	Under $6,000	Total Black Households
S.S.I	16%	22%	13%
Medicaid	51	39	23
Public Housing	32	33	28
Rent Subsidy	25	25	17
Food Stamps	72	51	28
Free Lunches	45	25	22
Social Insurance			
Social Security	25%	44%	31%
Medicare	34	40	28
Unemployment Benefits	27	4	6
Veterans Benefits	4	5	6
With Some Income from Wages	43%	32%	66%

Source: Prepared by the NUL Research Department from data in Black Pulse Survey.

Table 5

Number of Multiple Economic Benefits Received
by Low-Income Black Households

Source of Income	No. of Economic Benefits for Poor							Total
	0	1	2	3	4	5	6	
All Black Households	45	20	13	11	7	3	1	100
Public Assistance								
Welfare	-	7	19	32	26	12	3	100
S.S.I	-	18	27	29	16	9	2	100
Medicaid	-	16	19	26	24	12	4	100
Public Housing	-	23	19	15	20	17	6	100
Rent Subsidy	-	6	17	17	28	23	9	100
Food Stamps	-	11	22	31	22	12	3	100
Free Lunches	-	29	18	21	19	11	3	100
Social Insurance								
Social Security	35	25	18	14	5	3	1	100
Poor								
Under $6,000	20	20	18	20	15	7	2	100
No Wages	24	18	18	19	13	6	2	100

Source: Prepared by the NUL Research Department from data in Black Pulse Survey.

METHODOLOGY: BLACK PULSE SURVEY

The Black Pulse is a nationwide needs assessment survey of blacks directed by the National Urban League and its local affiliates. As such, it primarily focuses on the social and economic needs and conditions of blacks rather than on their opinions concerning national issues.

A planning grant from the Ford Foundation facilitated the initial efforts to launch the Black Pulse in early 1979 and an implementation grant from Carnegie Corporation insured the successful execution of those plans in the field in the fall and winter of 1979. Mathematica Policy Research, a well-respected survey research firm based in Princeton, New Jersey, was retained to provide expertise in such vital areas as: (a) drawing a nationally representative sample of blacks; (b) training national, regional and local field staff; (c) supervising the field efforts across the nation and (d) processing the data for analysis by NUL staff.

The Black Pulse Survey used a systematic stratified sample of the black population in the U.S. The strata consisted of the following three types of localities: central cities, suburbs, and rural/non-metropolitan areas. The central city stratum was over-sampled, while the rural/non-metropolitan stratum was under-sampled. The selection of individual census tracts and blocks for the sample used a multi-stage, random procedure based upon their black populations according to the 1970 Census. After blocks were initially selected, the sample was up-dated for each block using visual estimation techniques to verify the extent to which 1970 black population patterns were still relevant in 1979.

In order to enhance the quality and generalizability of the data collected, several constraints were instituted in the sample design. Contrary to the practice in most national surveys, it was decided that only heads of households (i.e., a husband or a wife or an unmarried adult head) would be eligible to be respondents in the Black Pulse Survey. Secondly, there was to be no substitution or replacement for households that refused to cooperate or in which the heads were not available after repeated callbacks. And, third, all interviews with the heads of households had to be conducted in person and not by telephone. A further constraint was added to our design which was not desired. It was that no respondent would be paid to be interviewed -- since no funds were available for it.

The overwhelming majority of interviewers and local supervisors participating in the Black Pulse Survey were unpaid volunteers recruited by Urban League affiliates. In addition to volunteers from their own staff, affiliates obtained many volunteers from black colleges, community action agencies and other community-based groups. Volunteers from National Urban League staff in its New York headquarters, its regional offices and other departments also provided vital assistance to this historic endeavor.

The bulk of the interviewing efforts in the field occurred between October and December 1979. A few localities continued field efforts through February, 1980. About 3,000 interviews with black heads of household were completed during that period of time. Thus, approximately 1,000 interviews were completed a month. Interviews with unmarried heads were usually completed within a half-hour, while interviews with married

heads (who were asked comparable information about their spouses) usually took about an hour.

The National Urban League hopes to be able to conduct the Black Pulse Survey on a regular basis. Since the social and economic needs and conditions of blacks are not as quickly susceptible to change as are opinions, it would not be necessary or desirable to conduct a nationwide Black Pulse Survey on an annual basis. However, because of the significance of such data for policy-makers, social action groups and other key decision-makers, the National Urban League is confident that it will acquire adequate financial resources to systematically assess the needs of blacks and the impact of major policies on addressing those needs on a continuing basis as a vital service to this nation.

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